



Senate Fiscal Agency  
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# BILL ANALYSIS

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Senate Bill 279 (S-1 as reported)  
Committee: Appropriations

<b>FY 2004-05 Year-to-Date Gross Appropriation .....</b>	<b>\$12,467,062,300</b>
<b>Changes from FY 2004-05 Year-to-Date:</b>	
1. <b>Non-Durant Debt Service Payments.</b> The Senate concurs with the Governor to resume increased debt service payments for FY 2005-06 (refinancing savings are complete).	34,819,000
2. <b>School Bond Loan Fund Debt Service Payments.</b> The Senate concurs with the Governor to increase payments for the debt service on behalf of school districts.	3,400,000
3. <b>Proposal A Obligation Payment.</b> Changes in pupil counts, taxable value, and consensus revenue estimates lower the required appropriation for FY 2005-06.	(156,000,000)
4. <b>Discretionary Payments.</b> The Senate concurs with the Governor to increase the FY 2005-06 foundation allowance for all school districts by \$175 per pupil to \$6,875. However, the Senate eliminates the \$15 million supplemental payment for Detroit Public Schools, reduces by 1/3 the Sec. 20j payments for districts with more than 200 pupils, and reduces the allocation for each developmental kindergarten pupil to ½ the district's foundation allowance.	251,820,300
5. <b>Payment in Lieu of Taxes (PILT) Reimbursement.</b> The Senate concurs with the Governor to reimburse school districts that lose local revenue due to PILT.	2,400,000
6. <b>At-Risk Payments.</b> The Senate does not concur with the Governor to increases funding for this line item, but instead reduces funding for FY 2005-06 below the current-year level.	(21,500,000)
7. <b>School Lunch Programs.</b> The Senate concurs with the Governor to increases total funding for this line item by \$18,590,000 (\$1,400,000 State; \$17,190,000 Federal).	18,590,000
8. <b>School Readiness to Non-Districts.</b> The Senate adds new funding for School Readiness programs for non-district recipients formerly funded in the Department of Education budget.	12,250,000
9. <b>Special Education.</b> The Senate concurs with the Governor to increase total funding for this line item by \$75,500,000 to meet the necessary funding requirements. State funding increases by \$59,500,000 while Federal funding increases by \$16,000,000.	75,500,000
10. <b>Center for Educational Performance and Information (CEPI).</b> The Senate's increase in funding is less than what the Governor recommended. The State share of funding is increased by \$1,500,000 and the Federal portion of funding is decreased by \$3,100.	996,900
11. <b>Freedom to Learn.</b> The Senate does not concur with the Governor to eliminate this program. Instead, the Senate includes Federal funding that is decreased from current-year levels due to reductions in available Federal dollars and transfer of funds to some Michigan Virtual University.	(18,043,200)
12. <b>Other Changes.</b> Several other line items are changed. Items increased include: Renaissance Zones (\$8,800,000), Federal "No Child Left Behind (NCLB) Grants" (\$15,109,900), Michigan Virtual High School (2,500,000), and Math and Science Centers (\$974,700). Items that are decreased include: Non-NCLB Federal Grants (\$781,100).	26,603,500
13. <b>Comparison to Governor's Recommendation.</b> The Senate recommendation is \$111,370,300 Gross below and \$11,516,500 GF/GP above the Governor's recommendation.	
<b>Total Changes .....</b>	<b>\$230,836,500</b>
<b>FY 2005-06 Senate Appropriations Committee Gross Appropriation .....</b>	<b>\$12,697,898,800</b>

**Changes from FY 2004-05 Year to Date:**

1. **Developmental Kindergarteners.** The Senate substitute adds new language allowing pupils enrolled in developmental kindergarten to be counted as no more than 0.5 FTE. (Sec. 6(4)(r))
2. **Average Daily Attendance.** The Senate substitute adds new language to allow a public school academy that is wholly contained within a county juvenile detention facility to use the prior year's average daily attendance to count pupils. (Sec. 6(4)(bb))
3. **Expelled Students.** The Senate concurs with the Governor to add new language allowing an expelled student to be counted in membership if the student returns to school within 45 days of the count day. (Sec. 8)
4. **Court-Placed Pupils.** The Senate concurs with the Governor to add new language which phases in, over four years, the funding recommendations of the Court-Placed Pupils Task Force. The payment method would change from an added cost basis to a per-pupil allocation. (Sec. 24)
5. **School Readiness Program.** The Senate substitute retains current language eliminated by the Governor allowing School Readiness funds to be used for preschool and parenting programs previously funded under former Sec. 32b. The Senate concurs with the Governor's new language that restricts administrative funding to not more than 10% of the total grant. (Sec. 32d)
6. **Non-Local District School Readiness.** The Senate substitute adds new language that brings in the companion School Readiness program for non-local district recipients formerly funded in the DOE budget. (Sec. 32l)
7. **Practice MEAP Assessment.** The Senate substitute includes an earmark of \$1,600,000 in Federal funds for web-based practice MEAP assessments and classroom remediation for 3<sup>rd</sup> grade and 7<sup>th</sup> grade pupils.
8. **Early Childhood Full-Day Programs.** The Senate substitute adds new language allowing a district of the first class that enrolls pupils in a full-day program under Section 32d to receive two times the amount otherwise allocated for an eligible pupil. (Sec. 39(3))
9. **Priority of School Readiness Funding.** The Senate substitute concurs with the Governor to eliminate the provision giving funding priority to districts with more than 50 eligible children, except over those that have received funding in one of the two immediately preceding fiscal years. (Sec. 39(2))
10. **Itinerant (Non-Classroom) Special Education Staff.** The Senate substitute concurs with the Governor, with technical changes, requiring districts who reported staff costs in FY 2003-04 to continue being the cost reporting entities in future years, even if the employers of those staffs change as long as the districts continue counting those special education pupils in membership. (Sec. 51a(7))
11. **Consolidation of Districts' Administrative Functions.** The Senate concurs with the Governor's new language where, beginning in FY 2006-07, districts must be in consortium with at least one ISD to implement best practices to more efficiently perform district administrative functions, or lose 5% of their State Aid payment. (Sec. 81(5))
12. **Center for Educational Performance and Information (CEPI).** The Senate substitute concurs with the Governor's new language directing CEPI to develop and implement a comprehensive student tracking system. Also, language is added allowing CEPI to enter into agreements to develop custom data, analyses, and other reporting to outside departments, state agencies, local units of government, and outside organizations, and to charge for such services. The Senate substitute also provides funding to Standard and Poor's for continued maintenance of the school evaluation services website. (Sec. 94a(8), (9) and (11))
13. **Michigan Virtual University (MVU).** The Senate substitute concurs with the Governor to eliminate language which states that the Department of Education may operate the Virtual High School (MVHS) or other functions of MVU if MVU ceases to operate. Also, the MVU is charged with performing a host of activities consistent with the goals contained in the US National Education Technology Plan. (Sec. 98)
14. **Pilot Adult Learning Program.** The Senate substitute does not concur with the Governor to keep the pilot adult learning program, thus, it is eliminated. (Current law Sec. 107b)
15. **Public School Employees' Retirement Rate.** The Senate substitute concurs with the Governor and the estimated FY 2005-06 retirement rate is 16.34%, up from 14.87% in FY 2004-05. (Sec. 147)

Date Completed: 6-10-05

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations.

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